

ARTS COUNCIL OF CENTRAL LOUISIANA
REPORT ON FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

ARTS COUNCIL OF CENTRAL LOUISIANA

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Paul Dauzat, CPA

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P.O. Box 12359
Alexandria, LA 71315

MEMBER
SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

Board of Directors
Arts Council of Central Louisiana
Alexandria, Louisiana

I have reviewed the accompanying statement of financial position of the Arts Council of Central La., Inc. as of June 30, 2014, the related statements of activities, functional expenses and cash flows for the year then ended. A review includes primarily applying analytical procedures to the organization's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, I do not express such an opinion.

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements. My responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require me to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. I believe that the results of my procedures provide a reasonable basis for my report.

Based on my review, I am not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

In accordance with the Louisiana Governmental Audit Guide and the provisions of state law, I have issued a report dated December 12, 2014 on the results of our agreed-upon procedures.



Paul Dauzat, CPA
December 12, 2014

ARTS COUNCIL OF CENTRAL LOUISIANA

STATEMENT OF FINANCIAL POSITION

June 30, 2014

ASSETS

Current assets

Cash and Cash Equivalents	\$ 39,520
Grants and Other Receivables	<u>25,963</u>
Total Current Assets	<u>65,483</u>

Endowment Investments

Investments-Designated	<u>32,887</u>
Total Endowment Investments	<u>32,887</u>

Property and Equipment

Furniture, Equipment and Leasehold Improvements, net	1,431
Collections-Works of Art	<u>403,950</u>
Total Property and Equipment	<u>405,381</u>

Total Assets	<u>\$ 503,751</u>
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LIABILITIES AND NET ASSETS

Current Liabilities

Accounts Payable	\$ 886
Payroll Liabilities	4,261
Line of Credit	<u>23,996</u>
Total Current Liabilities	<u>29,143</u>

Net Assets

Temporarily Restricted	301,809
Unrestricted-Undesignated	<u>172,799</u>
Total Net Assets	<u>474,608</u>

Total Liabilities and Net Assets	<u>\$ 503,751</u>
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See Accompanying Notes To Financial Statements

ARTS COUNCIL OF CENTRAL LOUISIANA

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
INCREASES IN NET ASSETS			
Revenue, Gains and Other Support			
Admissions, Memberships, Subscriptions	\$ 17,267	\$ -	\$ 17,267
Contracted Services Revenue-CSPAC	10,000	-	10,000
Corporate Support	13,500	-	13,500
Division of the Arts Grants	9,082	84,585	93,667
Foundation Support	40,596	52,343	92,939
Government Support	-	-	-
Other Private Support	-	6,000	6,000
Interest and Dividend Income	5,510	-	5,510
Other Revenues	37,662	-	37,662
		-	
Net Assets Released from Restrictions:			
Restrictions Satisfied by Payments	<u>125,069</u>	<u>(125,069)</u>	<u>-</u>
Total Revenues, Gains and Other Support	<u>258,686</u>	<u>17,859</u>	<u>276,545</u>
DECREASES IN NET ASSETS			
Expenses			
Program Services	125,748	-	125,748
Supporting Services:			
Management and General	<u>178,764</u>	<u>-</u>	<u>178,764</u>
Total Expenses	<u>304,512</u>	<u>-</u>	<u>304,512</u>
Change in Net Assets	(45,826)	17,859	(27,967)
Net Assets-Beginning of Year	<u>218,625</u>	<u>283,950</u>	<u>502,575</u>
Net Assets-End of Year	<u><u>\$ 172,799</u></u>	<u><u>\$ 301,809</u></u>	<u><u>\$ 474,608</u></u>

See Accompanying Notes To Financial Statements

ARTS COUNCIL OF CENTRAL LOUISIANA

STATEMENT OF FUNCTIONAL EXPENSES

June 30, 2014

	Program Services	Management And General	TOTAL
Payroll and Related Expenses			
Salaries	\$ 19,110	\$ 79,938	\$ 99,048
Employee Benefits	10,434	2,608	13,042
Payroll Taxes	3,064	12,253	15,317
Total Payroll and Related Expenses	<u>32,608</u>	<u>94,799</u>	<u>127,407</u>
Operating Expenses			
Outside Professional Services	23,293	9,257	32,550
Travel	42	485	527
Marketing	1,401	-	1,401
Repairs and Maintenance	-	1,098	1,098
Conferences and Meetings	-	812	812
Dues and Subscriptions	-	785	785
Equipment Leases and Rentals	9,561	52,893	62,454
Insurance	-	3,153	3,153
Interest	-	143	143
Postage and Shipping	92	2,460	2,552
Receptions and Hospitality	1,693	-	1,693
Miscellaneous	6,300	7,329	13,629
Supplies and Materials	-	2,622	2,622
Telephone & Internet	8,625	2,157	10,782
Total Operating Expenses	<u>51,007</u>	<u>83,194</u>	<u>134,201</u>
Grants to Others	<u>42,133</u>	<u>-</u>	<u>42,133</u>
Total Expenses Before Depreciation	125,748	177,993	303,741
Depreciation	-	771	771
Total Functional Expenses	<u>\$ 125,748</u>	<u>\$ 178,764</u>	<u>\$ 304,512</u>

See Accompanying Notes To Financial Statements

ARTS COUNCIL OF CENTRAL LOUISIANA

STATEMENT OF CASH FLOWS
For the Years Ended June 30, 2014

Operating Activities

Change In Net Assets	\$ (27,967)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation	771
(Increase) Decrease in Accounts Receivable	(21,031)
(Increase) Decrease in Prepaids	7,934
Increase (Decrease) in Bank Overdrafts	5,256
Increase (Decrease) in Accounts Payable	(31,123)
Increase (Decrease) in Accrued Expenses	(13,730)
Increase (Decrease) in Unearned Revenue	<u>(18,926)</u>
Net Cash Provided (Used) by Operating Activities	<u>(98,816)</u>

Financing Activities

Proceeds From Line of Credit	<u>450</u>
Net Cash Provided (Used) by Financing Activities	<u>450</u>

Investing Activities

Endowment decreases	<u>8,493</u>
Net Cash Provided (Used) by Investing Activities	<u>8,493</u>

Net Increase (Decrease) in Cash and Cash Equivalents (89,873)

Cash and Cash Equivalents-Beginning of Year	<u>129,393</u>
Cash and Cash Equivalents-End of Year	<u>\$ 39,520</u>

Supplemental Disclosures:

1-The amount paid for interest expense during the year was \$ 143

2-No amounts were paid for income taxes during the year.

See Accompanying Notes To Financial Statements

ARTS COUNCIL OF CENTRAL LOUISIANA

Notes to Financial Statements
For the Year Ended June 30, 2014

NOTE 1 Summary of Significant Accounting Policies

Organization and Nature of Activities:

The Arts Council of Central Louisiana serves the citizens of central Louisiana by providing services to support and foster an environment in which the arts can thrive. The Louisiana Division of the Arts has designated the Council as the regional development agency for artists and cultural organizations in eight central Louisiana parishes.

The Council is a not-for-profit organization as described in Section 501 (C) (3) of the Internal Revenue Code and is exempt from federal and state income taxes. Arts Council of Central Louisiana was incorporated on January 7, 1980 and received its exempt status by letter dated August 20, 1980.

Public Support and Revenue:

Grants and other contributions of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Endowment contributions and investments are designated by the Organization's board of trustees as unrestricted. Investment earnings with board restrictions are recorded in unrestricted net assets.

Contributions of donated non-cash assets, including collections-works of art are recorded at their fair values in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents:

The Council considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Property and Equipment:

Furniture, equipment and leasehold improvements are capitalized at cost. All categories are depreciated over estimated useful lives of five to seven years utilizing the straight line method. Expenditures for maintenance, repairs and other renewals are charged to expense.

Concentration of Credit Risk:

The Council's uninsured cash balances (demand deposits and certificates of deposit in excess of FDIC limit of \$ 250,000) are zero for June 30, 2014. These balances fluctuate greatly during the year and can exceed this \$ 250,000 limit. The Council invests its endowment funds with the Central Louisiana Community Foundation. The Foundation is a member of the SPIC which insures losses from theft and fraud however, there is no coverage against losses due to market fluctuations.

Compensated Absences:

Compensated absences is immaterial and has not been recorded in the financial statements.

NOTE 2 Accounts and Grants Receivable

The following is a summary of accounts receivable:

Coughlin-Saunders Foundation	\$ 4,275
Decentralized Arts Funding	14,715
Other	6,973
	<u>\$ 25,963</u>

NOTE 3 Property and Equipment

The following is a summary of property and equipment:

Furniture and Fixtures	\$ 10,255
Furniture and Fixtures-CSPAC	74,542
Equipment	15,213
Equipment-Rapides Fdn. Bldg.	104,437
Equipment-CSPAC	118,963
	<u>323,410</u>
Less: Accumulated Depreciation	(321,979)
	<u>\$ 1,431</u>

In December, 2005, the Arts Council received a donation of works of art with an appraised value of \$ 79,000. The collection has been capitalized but is not being depreciated. In September, 2010 the Arts Council had the works of art reappraised with a value of \$120,000. During the year ended 2012, the Council received a donation of works of art with a value recorded at \$ 283,950. The collection was valued by the donor and is temporarily restricted from any sale for a three year period from the date of donation.

NOTE 4 Temporarily Restricted Net Assets

Temporarily restricted net assets were available for the following purposes:

Decentralized Arts Funding Program	\$ 72,726
Rent Subsidy	52,343
Total temporarily restricted net assets	<u>\$ 125,069</u>

Net assets were released from donor restrictions by incurring expenses satisfying the purpose specified by donors.

NOTE 5 Donated Services

The Council receives a significant amount of donated services from volunteers. No amounts have been recognized in the statement of activities because the criteria for recognition under SFAS No. 116 have not been satisfied.

NOTE 6 Rapides Foundation Building Lease

On April 22, 2003, the Council entered into a master lease with the Rapides Foundation for the occupancy of designated areas in the Rapides Foundation Building. As part of the lease agreement, the Council manages these specified areas of the building which includes several other arts related non-profit organization tenants.

NOTE 7 Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

NOTE 8 Board-Designated Endowment

The Board of Directors established a board- designated endowment specifying that the contributions from the charitable lead annuity trust be put into an endowment and invested; that there would be no withdrawal of capital except upon approval of the Board; and that the earnings from the endowment's investments be unrestricted but retained except upon approval of the Board, whose approval shall allow the earnings to be used for the operations of the Organization.

NOTE 9 Investments

Long-term investments, carried at market value, at June 30, 2014 consist of the following:

	<u>Cost</u>	<u>Market Value</u>
Mutual Funds	\$ 42,819	\$ 32,887

All investments are endowment investments-Board designated.

Changes in Long-Term Investments for year ended June 30, 2014:

Beginning balance	\$ 47,888
Contributions	-
Distributions	(20,299)
Dividends earned	935
Realized and Unrealized Net Gains	4,575
Management fees	(212)
	<u>\$ 32,887</u>

NOTE 10 Leasing Arrangements

Generally accepted accounting principles require that capital leases are to be capitalized as an asset and recorded as a liability for the future lease payments. The Council elected to treat this lease as an operating lease and expense the lease payments at the time they are paid instead of recording the asset, net of depreciation, recording the liability equal to the future minimum lease payments, and recording interest expense imputed as financing charge.

NOTE 11 Bank Line of Credit

The Arts Council secured a revolving line of credit from Capital One Bank in the amount of \$ 30,000 on July 5, 2013. The borrowings from the line are collateralized by a certificate of deposit on deposit at Capital One Bank in the amount of \$ 30,108.

NOTE 12 Subsequent Events

Management has evaluated subsequent events through December 12, 2014, which is the date the financial statements were available to be issued. There were no events that required disclosure.

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors
Arts Council of Central Louisiana
Alexandria, Louisiana

I have performed the procedures included in the *Louisiana Government Audit Guide* and enumerated below, which were agreed to by the management of the Arts Council of Central Louisiana and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the Arts Council's compliance with certain laws and regulations during the year ended June 30, 2014, included in the *Louisiana Attestation Questionnaire*. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, I make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Federal, State, and Local Awards

1. Determine the amount of federal, state and local award expenditures for the fiscal year, by grant and grant year.

The Arts Council of Central Louisiana did not have any federal award expenditures during the fiscal year. The Arts Council received Decentralized Arts Funding from the state of Louisiana.

2. For each federal, state, and local award, I randomly selected 6 disbursements from each award administered during the period under examination, provided that no more than 30 disbursements would be selected.
3. For the items selected in procedure 2, I traced the six disbursements to supporting documentation as to proper amount and payee.

I examined supporting documentation for each of the six selected disbursements and found that payment was for the proper amount and made to the correct payee.

4. For the items selected in procedure 2, I determined if the six disbursements were properly coded to the correct fund and general ledger account.

All disbursements were properly coded to the correct fund and general ledger account.

5. For the items selected in procedure 2, I determined whether the six disbursements received approval from the proper individual.

Inspection of the documentation indicated approvals from the executive director.

6. For the items selected in procedure 2: For state and local awards, I determined whether the disbursements complied with the contractual agreement, relating to:

Activities allowed or unallowed:

I reviewed the disbursements for types of services allowed or not allowed. All disbursements selected complied.

Eligibility:

I reviewed the disbursements for eligibility requirements. All disbursements complied.

Reporting:

I reviewed the disbursements for reporting requirements. All disbursements complied.

7. For the programs selected for testing in item (2) that had been closed out during the period of my review, I compared close-out reports, when required, with the entity's financial records.

The amounts reported on the close-out reports agreed to the entity's financial records.

Open Meetings

8. The Arts Council of Central Louisiana is not subject to open meetings as required by R.S. 42:1 through 42:13 (open meetings law).

Management has asserted that minutes of board of directors meetings were recorded.

Budget

9. For all grants exceeding five thousand dollars, I determined that each state or local agency was provided with a comprehensive budget.

The Arts Council of Central Louisiana provided comprehensive budgets to the applicable state and local agencies for the programs.

Prior Comments and Recommendations

10. I reviewed any prior-year comments or recommendations to determine the extent to which such matters were resolved.

There were no prior year comments or recommendations.

I was not engaged to, and did not, perform an audit, the objective of which would be the expression of an opinion on management's assertions. Accordingly, I do not express such an opinion. Had I performed additional procedures, other matters might have come to my attention that would have been reported.

This report is intended solely for the use of management of the Arts Council of Central Louisiana and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, appearing to read "Paul Dauzat". The signature is fluid and cursive, with a large initial "P" and a long, sweeping underline.

Paul Dauzat
Certified Public Accountant
December 12, 2014

ARTS COUNCIL OF CENTRAL LOUISIANA

SCHEDULE OF PRIOR YEAR FINDINGS

June 30, 2014

There were no findings for the year ended June 30, 2013.

LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Quasi-public Agencies)

_____ (Date Transmitted)

PAUL DAUBAT CPA

P.O. Box 12359

ALEXANDRIA, LA 71315
_____ (Auditors)

In connection with your review of our financial statements as of 6-30-2014
and for the period then ended, and as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulation and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of (date of completion/representation) 12-4-14

Federal, State, and Local Awards

We have detailed for you the amount of federal, state and local award expenditures for the fiscal year, by grant and grant year.

Yes ☒ No ☐

All transactions relating to federal, state, and local grants have been properly recorded within our accounting records and reported to the appropriate state, federal, and grantor officials.

Yes ☒ No ☐

The reports filed with federal, state, and local agencies are properly supported by books of original entry and supporting documentation.

Yes ☒ No ☐

We have complied with all applicable specific requirements of all federal, state, and local programs we administer, to include matters contained in the OMB Compliance Supplement, matters contained in the grant awards, eligibility requirements, activities allowed and unallowed, and reporting and budget requirements.

Yes ☒ No ☐

Open Meetings

Our meetings, as they relate to public funds, have been posted as an open meeting as required by R.S. 42:1 through 42:13 (the open meetings law).

Yes ☒ No ☐

Budget

For each federal, state, and local grant we have filed with the appropriate grantor agency a comprehensive budget for those grants that included the purpose and duration, and for state grants included specific goals and objectives and measures of performance

Yes ☒ No ☐

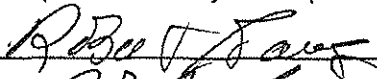
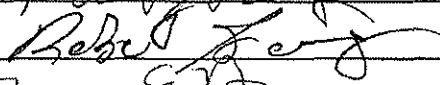

Prior Year Comments

We have resolved all prior-year recommendations and/or comments.

N/A
Yes ☐ No ☐

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the federal, state, and local grants, to include the applicable laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We will also disclose to you, the Legislative Auditor, and the applicable state grantor agency/agencies any known noncompliance that may occur up to the date of your report.

	Secretary	12-4-14	Date
	Treasurer	12-4-14	Date
	President	12-4-14	Date